

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2012-246-E - ORDER NO. 2012-662

AUGUST 31, 2012

IN RE:	Petition of South Carolina Electric & Gas	)	ACCOUNTING ORDER
	Company for an Accounting Order to Defer	)	
	and Record as a Regulatory Asset	)	
	Community/Economic Development Grants	)	
	Made to Aiken County	)	

This matter comes before the Commission on the filing by South Carolina Electric & Gas Company ("SCE&G" or "Company") of a Petition, pursuant to S.C. Code Ann. § 58-27-1540 (Supp. 2011) and 26 S.C. Code Ann. Regs. 103-825 (1976, as amended), seeking an accounting order for regulatory accounting purposes authorizing SCE&G to defer and record as a regulatory asset certain payments made to Aiken County in the form of Community/Economic Development Grants totaling \$5.4 million ("Grants"). Aiken County used the Grants to encourage Bridgestone Americas Tire Operations, LLC ("Bridgestone") to (i) expand its existing manufacturing facility in Aiken County, South Carolina in order to increase its passenger and light truck tire production and (ii) construct a new 1.5 million square-foot off-road radial ("ORR") tire manufacturing facility in Aiken County, South Carolina. Together, these projects represent a \$1.2 billion investment in South Carolina and will create more than 850 new full-time and contractor positions in Aiken County by 2020.

The Company's request for relief will not involve a change to any of SCE&G's rates or prices, or require any change in any Commission rule, regulation, or policy. In

addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing, is required regarding this Petition.

Bridgestone designs, manufactures, and sells tires for all types of motor vehicles. Headquartered in Nashville, Tennessee, Bridgestone employs nearly 55,000 people and operates numerous production facilities located throughout North and South America ~ one of which is located in Aiken County, South Carolina. At its existing manufacturing plant in Aiken County, Bridgestone operates a 1.7 million square-foot passenger and light truck tire facility which currently employs approximately 950 people.

SCE&G provides electric service to Bridgestone's Aiken County plant. *See* Commission Order No. 2009-102, dated February 26, 2009, issued in Docket No. 2009-37-E (approving electric service agreement between SCE&G and Bridgestone/Firestone South Carolina Company). In early 2011, Bridgestone contacted SCE&G to inform the Company that it was considering an expansion of its existing Aiken County facility. Later in 2011, Bridgestone contacted SCE&G again to inform the Company of its consideration of the construction of a new ORR manufacturing facility to be located in the Sage Mill Industrial Park in Graniteville in Aiken County.

For both the expansion project and the new construction project, SCE&G informed Bridgestone that it possessed the ability to accommodate the increase in electric load. Moreover, in an effort to promote economic development in South Carolina and convince Bridgestone to expand its existing Aiken County plant, and to also induce Bridgestone to construct its new ORR manufacturing facility in Aiken County, SCE&G

advised Bridgestone that it was willing to provide Aiken County with the Grants totaling \$5.4 million, \$2 million of which would be associated with the expansion of Bridgestone's existing facility and the remaining \$3.4 million of which would be associated with the new ORR manufacturing facility. For this and other reasons, Bridgestone decided to expand its existing facility and to construct a new ORR facility in Aiken County.

In contemplation of the expansion of Bridgestone's passenger and light truck tire manufacturing facility, SCE&G and Bridgestone modified their Contract for Electric Service dated January 12, 2009, by executing an amendment to the Contract effective January 30, 2012 ("First Amendment") for a ten-year term. Additionally, SCE&G and Bridgestone entered into a separate Contract for Electric Service ("Contract") for the ORR facility effective January 30, 2012, for a fifteen-year term.

In its Petition, SCE&G seeks authorization from the Commission to defer and record as a regulatory asset the \$5.4 million payment made to Aiken County as a CommunityEconomic Development Grant. With regard to the deferral amount, SCE&G requests authorization that the deferred amount associated with the expansion of the existing plant (*i.e.*, \$2 million) be amortized to electric operating expenses over the ten-year term of the First Amendment and that the remaining \$3.4 million of the deferred amount associated with the new ORR manufacturing facility be amortized over the fifteen-year term of the Contract.

SCE&G has further requested to amortize the Grants in equal monthly amounts effective January 2012, which is the month in which the First Amendment and the Contract became effective.

The Office of Regulatory Staff has indicated that it has no objection to the requested relief. The Commission has received no petitions to intervene or objections to the requested relief.

We have reviewed the Petition in its entirety and find the requested relief to be consistent with the public interest. Accordingly, we grant SCE&G's Petition.

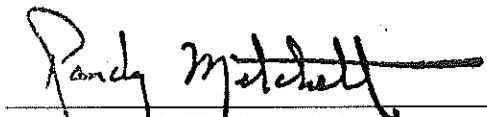
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



David A. Wright, Chairman

ATTEST:



Randy Mitchell, Vice Chairman  
(SEAL)